

ORDER R95-02

WITHDRAWAL OF APPROVAL OF THE NATIONAL COUNCIL ON COMPENSATION INSURANCE SHORT RATE TABLE

The Director of the Division of Insurance does hereby find, as follows:

Background:

1. Alaska Statute (AS) 21.36.255 states that if an insurance policy is canceled by an insured, the insurer shall return any unearned premium less a cancellation fee not to exceed 7.5 percent of the unearned premium.
2. The short rate cancellation table issued April 1, 1984, on page R-25 of the *National Council on Compensation Insurance Workers' Compensation and Employers Liability Insurance Basic Manual*, violates AS 21.36.255.
3. A letter dated August 3, 1994, was sent to the National Council on Compensation Insurance (NCCI) requesting that the short rate cancellation table be revised no later than January 1, 1995, to comply with AS 21.36.255.
4. The National Council on Compensation Insurance did not correct the short rate cancellation table as requested.
5. Under authority vested by AS 21.39.050(c), a hearing was scheduled for February 22, 1995, to withdraw approval of the NCCI short rate cancellation table.
6. On February 21, 1995, the Division of Insurance received a filing from NCCI withdrawing the short rate cancellation table effective immediately.

Order:

Because NCCI has withdrawn its short rate cancellation table, all workers' compensation policies which are canceled by an insured shall have the return premium computed pro rata. A cancellation fee may be charged only if the NCCI or the insurer submits and obtains approval of a cancellation provision which complies with AS 21.36.255.

This order takes effect March 1, 1995.

Date: February 27, 1995, at Juneau, Alaska.

